

HOUSE BILL NO. 198

INTRODUCED BY R. HAMILTON

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A GENERAL FUND SCHOOL EMPLOYEE HEALTH INSURANCE PAYMENT TO SCHOOL DISTRICTS, EDUCATION COOPERATIVES, AND OTHER PUBLIC SCHOOL UNITS TO AID THEM IN MAKING EMPLOYER CONTRIBUTIONS FOR GROUP HEALTH INSURANCE BENEFIT PLANS; PROVIDING A STATUTORY APPROPRIATION; AMENDING SECTIONS 17-7-502, 20-3-331, AND 20-9-306, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. School employee health insurance payment -- annual appropriation.

(1) (a) In order to help defray the cost of the employer contribution for group health insurance benefits, the state shall annually make from the general fund a school employee health insurance payment to:

- (i) public school districts, as defined in 20-6-101 and 20-6-701;
- (ii) special education cooperatives, as described in 20-7-451;
- (iii) the Montana school for the deaf and blind, as described in 20-8-101;
- (iv) state youth correctional facilities, as defined in 41-5-103; and
- (v) the Montana youth challenge program authorized in 10-1-1401.

(b) A special education cooperative that has failed to meet the requirements of 20-7-454 may not be funded under the provisions of this section except with the approval of the superintendent of public instruction.

(2) (a) The school employee health insurance payment for special education cooperatives must be distributed directly to those entities by the superintendent of public instruction.

(b) The school employee health insurance payment for the Montana school for the deaf and blind must be distributed to the Montana school for the deaf and blind.

(c) The school employee health insurance payment for Pine Hills and Riverside youth correctional facilities must be distributed to those facilities by the department of corrections.

(d) The school employee health insurance payment for the Montana youth challenge program must be distributed to that program by the department of military affairs.

(3) The school employee health insurance payment is calculated as provided in 20-9-306 and is a

1 component of the district's BASE budget.

2 (4) The amount of the school employee health insurance payment is statutorily appropriated, as provided
3 in 17-7-502, from the general fund. The district shall deposit the payment in the general fund of the district.

4 (5) A public school district that receives a school employee health insurance payment may not divert
5 those funds to any purpose other than making employer contributions toward school employee health insurance
6 benefits. A public school district or education cooperative shall file an annual report with the office of public
7 instruction, on a form prescribed by the superintendent of public instruction, that specifies how the school
8 employee health insurance payment funds were expended.

9 (6) The school employee health insurance payment for fiscal year 2010 is \$1,000, and for each
10 succeeding fiscal year is \$1,030, times the number of employees reported to the superintendent of public
11 instruction in the annual fall personnel report who are:

12 (a) regularly employed for 30 or more hours per week during the school year or employed for not less
13 than 18 hours per week as specified in a collective bargaining agreement, or by employer policy or education
14 cooperative policy in a nonbargaining school district or education cooperative; and

15 (b) enrolled in the school employer's group health insurance program.

16

17 **Section 2.** Section 17-7-502, MCA, is amended to read:

18 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory
19 appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the
20 need for a biennial legislative appropriation or budget amendment.

21 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both
22 of the following provisions:

23 (a) The law containing the statutory authority must be listed in subsection (3).

24 (b) The law or portion of the law making a statutory appropriation must specifically state that a statutory
25 appropriation is made as provided in this section.

26 (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120;
27 5-11-407; 5-13-403; 7-4-2502; 10-1-1202; 10-1-1303; 10-2-603; 10-3-203; 10-3-310; 10-3-312; 10-3-314;
28 10-4-301; 15-1-121; 15-1-218; 15-23-706; 15-31-906; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121;
29 15-70-101; 15-70-369; 15-70-601; 16-11-509; 17-3-106; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 17-7-304;
30 18-11-112; 19-3-319; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506;

1 19-20-604; 19-20-607; 19-21-203; 20-8-107; section 1; 20-9-534; 20-9-622; 20-26-1503; 22-3-1004; 23-4-105;
 2 23-4-202; 23-4-204; 23-4-302; 23-4-304; 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 37-43-204;
 3 37-51-501; 39-71-503; 41-5-2011; 42-2-105; 44-1-504; 44-12-206; 44-13-102; 50-4-623; 53-1-109; 53-6-703;
 4 53-24-108; 53-24-206; 60-11-115; 61-3-415; 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-13-150;
 5 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-5-510; 80-11-518; 82-11-161; 87-1-513; 90-1-115; 90-1-205;
 6 90-3-1003; and 90-9-306.

7 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,
 8 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued
 9 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana
 10 to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state
 11 treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory
 12 appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion
 13 of 19-20-604 terminates when the amortization period for the teachers' retirement system's unfunded liability is
 14 10 years or less; pursuant to sec. 4, Ch. 497, L. 1999, the inclusion of 15-38-202 terminates July 1, 2014;
 15 pursuant to sec. 10(2), Ch. 10, Sp. L. May 2000, and secs. 3 and 6, Ch. 481, L. 2003, the inclusion of 15-35-108
 16 terminates June 30, 2010; pursuant to sec. 17, Ch. 593, L. 2005, the inclusion of 15-31-906 terminates January
 17 1, 2010; pursuant to sec. 73, Ch. 44, L. 2007, the inclusion of 19-6-410 terminates upon the death of the last
 18 recipient eligible under 19-6-709(2) for the supplemental benefit provided by 19-6-709; and pursuant to sec. 6,
 19 Ch. 2, Sp. L. September 2007, the inclusion of 76-13-150 terminates June 30, 2009.)"

20

21 **Section 3.** Section 20-3-331, MCA, is amended to read:

22 **"20-3-331. Purchase of insurance -- self-insurance plan.** (1) The trustees of a district may purchase
 23 insurance coverage or establish a self-insurance plan for the district, trustees, and employees for liability as
 24 provided in 2-9-211 and for group health and life insurance as provided in 2-18-702. The trustees shall include
 25 the cost of coverage in the general fund budget of the district and as authorized for the district transportation
 26 program in 20-10-143(1)(d). The trustees shall account annually, on or before September 1, to the superintendent
 27 of public instruction by certifying in a form provided by the superintendent that the school employee health
 28 insurance payments received for the past year were used to defray the costs of the employer's contribution for
 29 group health insurance benefits.

30 (2) Whenever the trustees of a district establish a self-insurance plan, the trustees shall establish an

1 internal service fund to account for the activities of the self-insurance plan."

2

3 **Section 4.** Section 20-9-306, MCA, is amended to read:

4 **"20-9-306. Definitions.** As used in this title, unless the context clearly indicates otherwise, the following
5 definitions apply:

6 (1) "BASE" means base amount for school equity.

7 (2) "BASE aid" means:

8 (a) direct state aid for 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for the
9 general fund budget of a district;

10 (b) guaranteed tax base aid for an eligible district for any amount up to 35.3% of the basic entitlement,
11 up to 35.3% of the total per-ANB entitlement budgeted in the general fund budget of a district, and 40% of the
12 special education allowable cost payment;

13 (c) the total quality educator payment;

14 (d) the total at-risk student payment;

15 (e) the total Indian education for all payment; ~~and~~

16 (f) the total American Indian achievement gap payment; and

17 (g) the school employee health insurance payment.

18 (3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of the basic
19 entitlement, 80% of the total per-ANB entitlement, 100% of the total quality educator payment, 100% of the total
20 at-risk student payment, 100% of the total Indian education for all payment, 100% of the total American Indian
21 achievement gap payment, ~~and~~ 140% of the special education allowable cost payment, and 100% of the school
22 employee health insurance payment.

23 (4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which may
24 be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366 through
25 20-9-369.

26 (5) "BASE funding program" means the state program for the equitable distribution of the state's share
27 of the cost of Montana's basic system of public elementary schools and high schools, through county equalization
28 aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in 20-9-343, in support of the
29 BASE budgets of districts and special education allowable cost payments as provided in 20-9-321.

30 (6) "Basic entitlement" means:

- 1 (a) for each high school district:
- 2 (i) \$236,552 for fiscal year 2008; and
- 3 (ii) \$243,649 for each succeeding fiscal year;
- 4 (b) for each elementary school district or K-12 district elementary program without an approved and
- 5 accredited junior high school, 7th and 8th grade program, or middle school:
- 6 (i) \$21,290 for fiscal year 2008;
- 7 (ii) \$21,922 for each succeeding fiscal year; and
- 8 (c) for each elementary school district or K-12 district elementary program with an approved and
- 9 accredited junior high school, 7th and 8th grade program, or middle school:
- 10 (i) for kindergarten through grade 6 elementary program:
- 11 (A) \$21,290 for fiscal year 2008; and
- 12 (B) \$21,922 for each succeeding fiscal year; plus
- 13 (ii) for an approved and accredited junior high school program, 7th and 8th grade program, or middle
- 14 school:
- 15 (A) \$60,275 for fiscal year 2008; and
- 16 (B) \$62,083 for each succeeding fiscal year.
- 17 (7) "Budget unit" means the unit for which the ANB of a district is calculated separately pursuant to
- 18 20-9-311.
- 19 (8) "Direct state aid" means 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement
- 20 for the general fund budget of a district and funded with state and county equalization aid.
- 21 (9) "Maximum general fund budget" means a district's general fund budget amount calculated from the
- 22 basic entitlement for the district, the total per-ANB entitlement for the district, the total quality educator payment,
- 23 the total at-risk student payment, the total Indian education for all payment, the total American Indian achievement
- 24 gap payment, the school employee health insurance payment, and the greater of:
- 25 (a) 175% of special education allowable cost payments; or
- 26 (b) the ratio, expressed as a percentage, of the district's special education allowable cost expenditures
- 27 to the district's special education allowable cost payment for the fiscal year that is 2 years previous, with a
- 28 maximum allowable ratio of 200%.
- 29 (10) "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted
- 30 that is above the BASE budget and below the maximum general fund budget for a district.

1 (11) "School employee health insurance payment" means the payment resulting from multiplying \$1,000
2 for fiscal year 2010 and \$1,030 for each succeeding fiscal year times the number of eligible and enrolled
3 employees as provided in [section 1].

4 ~~(11)~~(12) "Total American Indian achievement gap payment" means the payment resulting from multiplying
5 \$200 times the number of American Indian students enrolled in the district as provided in 20-9-330.

6 ~~(12)~~(13) "Total at-risk student payment" means the payment resulting from the distribution of any funds
7 appropriated for the purposes of 20-9-328.

8 ~~(13)~~(14) "Total Indian education for all payment" means the payment resulting from multiplying \$20.40
9 times the ANB of the district or \$100 for each district, whichever is greater, as provided for in 20-9-329.

10 ~~(14)~~(15) "Total per-ANB entitlement" means the district entitlement resulting from the following
11 calculations and using either the current year ANB or the 3-year ANB provided for in 20-9-311:

12 (a) for a high school district or a K-12 district high school program, a maximum rate of \$5,861 for fiscal
13 year 2008 and \$6,037 for each succeeding fiscal year for the first ANB, decreased at the rate of 50 cents per ANB
14 for each additional ANB of the district up through 800 ANB, with each ANB in excess of 800 receiving the same
15 amount of entitlement as the 800th ANB;

16 (b) for an elementary school district or a K-12 district elementary program without an approved and
17 accredited junior high school, 7th and 8th grade program, or middle school, a maximum rate of \$4,579 for fiscal
18 year 2008 and \$4,716 for each succeeding fiscal year for the first ANB, decreased at the rate of 20 cents per ANB
19 for each additional ANB of the district up through 1,000 ANB, with each ANB in excess of 1,000 receiving the
20 same amount of entitlement as the 1,000th ANB; and

21 (c) for an elementary school district or a K-12 district elementary program with an approved and
22 accredited junior high school, 7th and 8th grade program, or middle school, the sum of:

23 (i) a maximum rate of \$4,579 for fiscal year 2008 and \$4,716 for each succeeding fiscal year for the first
24 ANB for kindergarten through grade 6, decreased at the rate of 20 cents per ANB for each additional ANB up
25 through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th
26 ANB; and

27 (ii) a maximum rate of \$5,861 for fiscal year 2008 and \$6,037 for each succeeding fiscal year for the first
28 ANB for grades 7 and 8, decreased at the rate of 50 cents per ANB for each additional ANB for grades 7 and 8
29 up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th
30 ANB.

